SELECTED CAFETERIA CHAINS

Chain	Fiscal Year Ending	1981	1982	1983
Morrison Inc.	May			
Sales		242.9	273.0†	295.0†
Units		147.0	151.0	161.0
Sales/Unit*		1.5	1.7	1.8
Duff's Smorgasbords	Dec.			
Sales*		121.0	165.1	200.0**
Units		121.0	137.0	160.0**
Sales/Unit*		1.0	1.1	1.2**
Furr's Cafeterias	Dec.			
Sales*		132.0	159.0	186.0**
Units		83.0	98.0	118.0**
Sales/Unit*		1.5	1.6	1.7**
Luby's Cafeterias	Aug.			
Sales*		118.8	138.7	154.0**
Units		59.0	64.0	70.0**
Sales/Unit*		2.2	2.3	2.4**
Piccadilly Cafeterias	June			
Sales*		127.2	142.6	152.6
Units		79.0	81.0	85.0
Sales/Unit*		1.5	1.8	1.8
Wyatt Cafeterias	Dec.			
Sales*		137.0	150.0	168.0**
Units		102.0	104.0	109.0**
Sales/Unit*		1.3†	1.4	1.5**

Source: Company reports

*In millions **NRN Projection

†NRN Estimate

Sales/Unit figures are average annual sales for units at least one year old.

Morrison fires first salvo in major market share battle

By Rurick Telberg

MOBILE, Ala.—Morrison Inc., the biggest cafeteria chain in the nation, is launching its first chainwide promotional campaign.

Dubbed "Deep-Sea Days," the campaign promotes seafood on Thursdays and Fridays. Executives are calling it the biggest promotional campaign in Morrison's history. It is clearly aimed at Red Lobster, the chain of 363 seafood dinnerhouses based in Orlando, Fla., and owned by General Mills Inc., but not mentioned by name.

Morrison's salvo is one of the first signs that the cafeteria business, long noted for its conservatism, is entering battle for market share.

"All cafeterias have lost market share over the years to specialty restaurants," said Richard McGeoch, marketing senior vice president at the 151-unit Morrison chain. "We're trying to re-establish ourselves as a specialty restaurant."

But the biggest five or six cafeteria chains are not only facing stiffened competition from specialty restaurants like seafood or steak dinnerhouses, but also from fast-food restaurants and, increasingly and most troubling to cafeteria executives, from other cafeteria chains.

Morrison Inc., the largest cafeteria chain in the nation, is launching "Deep-Sea Day," the biggest promotion in the company's history.

"You're going to see the whole industry getting more aggressive," McGeoch said.

There are at least three reasons:

- Long confined to the Sunbelt and rural markets, cafeteria chains are increasingly bumping into each other, even at their torpid 10% annual physical growth rates. They are stepping on each other's sales.

"I don't think site selection has been one of the big strengths of this business," said Jim Bennett, chief financial officer at Piccadilly Cafeterias Inc. of Baton Rouge, La.

- But two cafeteria chains are breaking the mold and building rapidly. As a result, new pressure is being added to the mix.

Financed by its parent, retailing giant K mart Inc. of Troy, Mich., Furr's Cafeterias Inc. of Lubbock, Tex., is building about 20 new units a year. Most of that is in uncharted territory in the Great Plains and California, but where Furr's is back-filling, its competitors are wincing.

Duff's Smorgasbords Inc. of Fairfield, Ohio, is also building rapidly, as the only chain which franchises. As a fixed-price, all-you-can-eat operation, it offers cafeteria-goers a real choice.

- Finally, changing consumer tastes have drawn diners away from cafeterias to specialty and fast-food restaurants, which, with their marketing expertise, are siphoning off the best customers and meeting few territorial limits.

That leaves cafeterias with a limited territory and the most tight-fisted customers—blue-collar workers, family budgeters and the geriatric set.

Morrison has led the pack in re-orienting its corporate philosophy from operations to marketing. Last year Morrison let loose ads that took aim at fast food, pitching cafeterias' price and choice of menu.

In taking on Duff's, Morrison has depicted all-you-can-eat concepts as places to "pig out" and stressed quality over quantity.

Duff's was never mentioned by name, but Duff's executives got the message and decided to remain above the fray.

"We're not a cafeteria chain," said Duff's marketing vice president, Clancy Isaac. "We don't cross swords with them."

Now Morrison is taking on Red Lobster and fast feeders Captain D's, which is owned by Shoney's Inc. of Nashville, and Long John Silver's, owned by Jerrico Inc. of Lexington, Ky.

The "Deep-Sea Days" campaign touts Morrison's on Thursdays and Fridays as "the best seafood restaurant in town." No new menu items were concocted, but shrimp and seafood platters are being pushed. One bonus: Seafood yields a higher price-point, bumping up tray averages.

Bennett, at the 81-unit Piccadilly chain, has seen the market share battle first-hand. Traffic counts are running 2.5% below last year's level chainwide, and 15% at a handful of units where competitors have opened nearby. He cited Morrison, Furr's, Luby's of San Antonio, and Wyatt of Dallas.

"It happens occasionally, and customer counts come back after a couple months," he said, "but it's never been this many at one time."

"Most of the areas it's happening," Bennett said, "are in growing markets. You can't expect Morrison and Wyatt are

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Plant closings averted

Greyhound Corp. agrees to sell Armour to ConAgra for $166M

PHOENIX—Greyhound Corp. here has reached agreement to sell Armour Food Co. to Omaha-based ConAgra Inc. for about $166 million in cash and stock. Greyhound had reorganized the troubled meat company last year and said recently it would close 13 of 21 meat processing plants in December if a buyer could not be found.

Armour reported net profits of $13.2 million on $2 billion sales last year; Greyhound had a $59.8 million net profit on sales of $4.5 billion in 1982. ConAgra, a large grain merchandiser, distributor of herbicides and pesticides and marketer of frozen foods, had sales of $2.4 billion last year.

Under terms of the agreement between Greyhound and ConAgra, Greyhound receives 3.4 million shares of ConAgra common stock valued at about $94 million, plus cash. Greyhound would become a major stockholder in ConAgra when the deal is completed but is restricted from acquiring any more ConAgra stock.

The sale, according to Greyhound ceo John W. Teets, "satisfies all of our previously determined criteria for the sale of the Armour Food Company, including that the sale be for at least book value."

A few weeks ago, Teets declared that Greyhound had "reached the limit" with Armour because union employee wages are too high for competing in the meatpacking business under current conditions.

Armour is the fourth largest pork processor behind Wilson, United Brands' Morrell division and Swift. Earlier this year, Wilson filed for Chapter XI bankruptcy. Claiming that labor costs were too high, the company slashed an average $4.19 from union workers' $10.69 base wage rate.

IHOP's sale of Love's pending

By Richard Martin

NORTH HOLLYWOOD, Calif.—IHOP Corp. says it is close to striking a deal to sell its Love's Wood Pit Barbeque chain to a Brea, Calif.-based savings and loan and real estate holding company.

Butterfield Equities Corp., with $84 million in assets, is already a nine-unit Wendy's franchisee through its Butterfield Hospitality Corp. subsidiary. Brian Padberg, president of the hospitality company and a senior vp of the parent corporation, would become president of a new Love's entity.

The deal with IHOP includes 33 of the chain's 39 full-service restaurants and 100% of Love's Enterprises Inc. stock, according to Warren Wimer, an attorney for Butterfield.

Richard K. Herzer, president, chairman and ceo of IHOP, said the remaining six company-operated Love's units not included in the deal would be sold off independently. Neither party to the negotiations would disclose the amount of the proposed cash buy-out.

"We're going to run pancake houses," Herzer said. "Our resources have to be allocated to the blue roof and not the red roof." His reference was to IHOP's 471-unit International HOuse of Pancakes chain and the red-shingled Love's concept.

> 'We're going to run pancake houses. Our resources have to be allocated to the blue roof and not the red roof.'
>
> —Richard K. Herzer
> IHOP Corp.

In May, ownership of IHOP was assumed by Zurich-based SVIDO, a company formed by creditors of IHOP's former parent, Wienerwald Holding AG. SVIDO took over IHOP as part of Wienerwald's Swiss bankruptcy court reorganization.

Thirty of the Love's units Butterfield plans to acquire are in southern California—principally in Los Angeles, Orange and San Diego counties. The other three are in Lakewood, Colo.; Portland, Ore., and Phoenix. Nine of the restaurants are company stores; 24 are franchised. Attorney Wimer said the same ratio would be maintained as the chain is expanded.

"Nothing much has changed with Love's in the last 10 years," Wimer said. "We really want to build on the concept and get it moving." He indicated Butterfield would focus initially on further development of southern California markets, and would probably build or convert two new prototype stores to bring the concept "up to date."

Hotel chain execs forecast strong industry turnaround

By Joe Edwards

NEW YORK—Executives of leading hotel chains presented surprisingly bullish views of their industry at last month's Hospitality Industry Investment Conference, claiming that business would pick up this summer and that occupancies would rise steadily in months to come.

While admitting business has been mostly soft and that saturation is a problem in some markets, particularly Houston and Dallas, the executives expressed optimism about the immediate future and faith in all hotel segments.

"We've been through the worst economic period since the Depression and yet Hyatt reports a rise in occupancy, Marriott is down just a little and Ramada's occupancy is flat," said Gary Wilson, Marriott's chief financial officer. "In the next couple of years, we'll see a dramatic rise in occupancy rates."

Despite a lot of movement by chains from one segment to another, most executives said their companies had faith in the segments in which they traditionally have done business.

"Holiday Inns will continue to be what it is today," declared Robert Milburn, senior vice president of the world's largest hotel chain. "We continue to believe in the broad middle market."

(Continued on page 5)

7-Eleven stepping-up fast-food offensive

(Continued from page 1)
predicated on obtaining the highest traffic sites available at reasonable rents for 24-hour operation.

"We probably have at least 15 or 20 different food-service concepts that we're testing out there," said Krysiak. "We'll go national eventually with the ones that prove themselves."

Krysiak and other Southland executives are concerned that "perhaps we're in a secondary position on food service because the suppliers haven't developed feasible equipment packages rather than our current microwaves."

With limited supervision of no more than one or two employees in each store (a manager and perhaps an assistant), 7-Eleven is greatly dependent on customers' utilizing the store microwave to heat items according to a set of instructions. This well may not be the most streamlined approach to the challenge.

Southland is utilizing its four commissary-distribution centers—in Tyler, Tex.; Fredericksburg, Va.; Orlando, Fla., and Champagne, Ill.—and a commissary in Salt Lake City to prepare and distribute most of its fast-food products.

Krysiak said the average transaction in a 7-Eleven store is $2.30 but that there is no way of telling the food-service average or even the items and prices in individual stores "because it varies so greatly from one place to another."

However, a typical 7-Eleven store near headquarters here offers a bellwether mix of a Big Un "freedom special" hamburger promotionally priced at $1.19; egg hamlette, sausage and egg with cheese, smoked ham, chicken salad, pimiento cheese, tuna salad, and ham and swiss on rye sandwiches each priced at $1.09; French bread pizza at $1.49; ham and cheese pizza; a beef and bean burrito and a Jalapeno burger, each $1.09; a red hot beef burrito at 59¢; a beef and bean red chili bun at 59¢; "heat and eat" microwave (a label appropriate for many of the items) pizza at $1.25; party pizza pepperoni and hamburger party pizza, each $1.89, chicken pie at $1.69, pecan pie at 69¢, and a corn dog at 59¢.

In addition, in the same take-out "food-service" section, 7-Eleven stocks popcorn at 69¢; ranch steaks at $4.99, and spaghetti and meat sauce at $2.49. It also has a number of offerings in 7½-oz. metal cans that can be heated and then eaten in bowls. These include spaghetti and meat balls, chicken noodle soup, beef stew, scalloped potatoes, and chili.

Fresh coffee (caffeinated and decaffeinated) and Slurpees at 29¢, 39¢ and 49¢ are very much a part of the mix too.

Significantly, 7-Eleven has emphasized promotionally that its "Big Gulp" beats any McDonald's drink and that it is the only place offering "a free choice" between either Coca-Cola or Pepsi-Cola.

Whether one calls it "food service," "fast food," or just plain 7-Eleven, it's clear that Southland is wielding a sharp price/value clout in the fast food and takeout race. It is equally clear that, for whatever reason, it is being held back from a huge potential by difficulties in developing the equipment to take it beyond prepackaged sandwiches and six-button microwave ovens.

W. B. Johnson Properties buys Boston Ritz-Carlton

(Continued from page 1)
ment to our plans and philosophy," says Holmes, former president of Hyatt International, who was recruited eight months ago by William B. Johnson to direct the new Monarch chain.

Johnson says the purchase of the Ritz-Carlton hotel and name "with its traditions and reputation for excellence will instantly communicate the degree of quality each of our hotels will offer."

Blakeley says "new life and vitality" will be given to the Ritz-Carlton tradition by the acquisition.

W. B. Johnson properties develops and manages office buildings and shopping centers, manages 11 franchised Holiday Inns, five franchised Marriott Hotels and operates 63 Waffle House coffee shops in the South. The Holiday Inns and Marriotts are part of Johnson's J. P. Hotels division.

W. B. Johnson's first Ritz-Carlton Hotel will open in October across from Lenox Square, a shopping center and office building in Buckhead, a well-to-do Atlanta suburb. A second Ritz-Carlton is under construction in downtown Atlanta and will open in December or January, followed by the opening next spring of the Ritz-Carlton in Laguna Beach. The Laguna Beach property will be the first resort-hotel bearing the Ritz-Carlton name.

W. B. Johnson's first Ritz-Carlton hotel will open in October in Buckhead, a well-to-do Atlanta suburb.

Riese Org., Godfather's pen N.Y. deal

(Continued from page 1)
In Los Angeles, Godfather's signed a deal with Sambo's that would eventually make the coffee shop chain Godfather's biggest franchisee. Sambo's is involved in Chapter XI Federal bankruptcy proceedings.

Sixty of the conversions are due to be completed by the end of the year. Godfather's is financing the Sambo's makeovers with a $15-million advance on a secured revolving credit line.

The fast-moving pizza chain also recently signed a definitive agreement with Pizza Ventures Inc. of Wayzata, Minn., under which Godfather's would acquire the company for 1.5 million shares of stock in a tax-free transaction.

With 118 units in eight states and franchise rights to three Canadian provinces, Pizza Ventures is Godfather's biggest current franchisee. After the transaction, Godfather's would operate 174 units, or 22%, of the chain's restaurants.

Scott's Seafood deep-sixes English theme

(Continued from page 2)
least 200 lunches a day, instead of only 1½ turns of its former 100-seat capacity. Even more advantageous was the fact that daytime seating expansion came about "at almost no additional cost," Paradis said.

The Carriage House realignment coincided with the company's move to pump up its seafood supply capabilities. Independent Restaurants had been making bulk purchases of frozen shellfish through its subsidiary, Bertram's Produce Co. That operation has been merged with a Marin County fresh fish company, Sonoma Coast Seafoods, to form Seafood Masters Inc.

The Scott's units no longer have to depend on intermediary brokers for their fresh fish supplies. Instead, Seafood Masters buys direct off the boats working the waters north of the Golden Gate, and processes the catch in its 5,600-sq.-ft. leased facility in Marin. "This gives us total control over freshness in the restaurants," Paradis said.

Not only that, but the new operation is selling fresh and frozen product to scores of other operators in the Bay Area, southern California and Texas, and has even shipped orders of salmon to East Coast customers. In the six months since the merger, seafood sales have increased more than fivefold to about $220,000 a month. While most of the sales are to Scott's units, about 40% are to outsiders.

Based on the company's newfound wholesaling clout, Paradis is moving Scott's accounting office to Marin, where it will share space with Seafood Masters. The company's corporate headquarters will remain in San Francisco.

Paradis was Independent Restaurants' treasurer for four years, prior to his recent promotion to executive vp.

El Chico's stock offering raises $14M

By Rurick Telberg

DALLAS—El Chico Corp., the 86-unit Mexican restaurant chain which its founders recently repurchased from a conglomerate, has gone public, raising $14 million.

The proceeds of the one-million share common stock offering will be used to repay $12 million executives owe in long-term bank debt incurred last November when they bought the company from Campbell Taggert Inc., the food-making conglomerate which acquired the chain in 1977.

The stock issue, which puts about 40% of the company into public hands, clears the decks for El Chico to begin franchise development again.

In recent years the company has been trying to move out of a hazy area between fast-food and dinnerhouses to become a full-service and full-amenity dinnerhouse on a par with Chi-Chi's, the 100-unit segment leader.

Actually, the stock issue is an encore performance for the company. Gilbert Cuellar Sr., now the 71-year-old chairman, opened the first El Chico in 1940, taking it public in 1968.

When Anheuser-Busch acquired Campbell Taggert last August, the brewer was forced to divest iself of the restaurant chain due to liquor laws.

The Cuellar family, including 29-year-old president Gilbert Cuellar Jr., remained as managers under Campbell Taggert. But the company missed the opening gun in the Mexican dinnerhouse race. Now it's playing catch-up, but from a strong base.

El Chico operates full-service, family-style restaurants with a "Tex-Mex" menu. Ten of the 86 units are franchised. The company also operates two Cactus Restaurant and Bar operations and one Casa Rosa Restaurante, both new concepts.

The menu, which features more beef than, for example, Chi-Chi's Sonoron-styled food, ranges in price from $3.50 to $8.95, yielding a per-person check of about $5.45, including drinks, which account for about 14% of sales. One of El Chico's big challenges, if they decide to take it, may be raising the liquor sales.

The units, in Mexican architecture and decor, are generally located in Texas suburbs, seating from 138 to 370 diners.

Of the 76 company-owned units, 33 are freestanding, 10 are in strip centers and 33 are in malls. The units do an average of about $800,000 per year in sales, according to outside estimates.

In the 12 weeks ended March 18, El Chico's second-quarter, net profits jumped ninefold from the year-ago period to $566,000 on a 19% revenue jump to $14.9 million.

For the fiscal year ended December, El Chico posted a 30% net profit gain to $1.3 million on a 13% revenue advance to $61.4 million, compared to fiscal 1981.

The overall number of El Chico restaurants declined from 90 units in 1980, but the company's financial results have been improving because, executives say, under-performing units were closed and volume increased at other stores.

An ambitious remodeling program continues to make over stores. This year, the company expects to remodel 11 restaurants at a total cost of $1 million.

John Brown recovering, former KFC owner

LEXINGTON, Ky.—Gov. John Y. Brown, completing a single four-year term as Kentucky governor, was reported recovering at presstime from triple bypass heart surgery designed to replace blocked arteries.

Brown, 49, former owner of KFC and then of Lums, had been considering various political and business options before being stricken. Limited to one term as governor by Kentucky law, he had just led an intense Democratic national fund-raising phonathon and had been mulling a possible darkhorse entry in the already crowded field for the 1984 Democratic presidential nomination.

His physical ailment and purported questionable financial dealings asserted in the national press have dimmed his future political chances. Brown vehemently denied any financial wrongdoing, and sources close to him maintained that he was the victim of "a vicious defamation campaign by certain sources trying to destory his reputation."

Morrison fires first salvo in major market share war

(Continued from page 3)
going to leave you alone."

Some executives are not as worried. John Lahourcade, president of the 70-unit Luby's chain, said, "Competition crops up occasionally, but after a few months we get our customers back."

Luby's is currently preoccupied in its Texas market with the peso devaluation which has hurt Mexican border stores and a recession which finally found its way to the Lone Star state.

While Morrison has acquired a specialty restaurant chain, Ruby Tuesday, to limit its exposure in cafeterias, Furr's is concentrating its growth in areas where the cafeteria concept is relatively new.

Said Furr's chairman, Don Furr, recently: "Present projections will make us the world's largest cafeteria chain by the end of this decade."

Competitors are hoping it won't be at their expense. While they aren't in danger of becoming unprofitable, they don't need the added trouble.

READ CLASSIFIED

FINANCIAL NEWS

Acapulco Los Arcos cuts losses

PASADENA, Calif.—Acapulco y Los Arcos Restaurantes has reported a net loss of $197,000 for the second quarter ended May 1, compared to a net loss of $318,000 for the same period last year. Sales for the 31-unit chain were up 2.8% in the quarter to $9.55 million vs. last year's second quarter.

Net losses for the first six months of 1983 totaled $467,000, compared to net losses of $767,000 for the first half of last year. Sales were up 1.2% to $17.9 million for the same period.

While losses after tax provisions show an improvement for the comparative periods, operating losses before taxes increased by $303,000 for the second quarter of 1983, and by $38,000 for the six-month period, compared to the like periods in 1982.

The decreases in the net losses reported as compared to the prior year are entirely attributable to an increase in the company's estimated annual tax rate from 14% in 1982 to 50% in 1983, reported Leonard Ronan, vice president and chief financial officer.

The company said substantial marketing expenditures in the second quarter had resulted in increased customer counts and sales during promotional periods.

Penetration of Midwest markets has reportedly been unsuccessful, and the company is currently planning undisclosed changes to its concept in those areas to improve local customer appeal. The company hopes the so far disappointing results in the Midwest may be partially counteracted by new units under development in Portland, Ore., Azusa and Santa Fe Springs, Calif.

Beefsteak Charlie's net down 47% in qtr.

NEW YORK—Beefsteak Charlie's Inc., operator of 67 steakhouses, reported a 47% decline in second-quarter net profit to $988,000 for the period ended May 14, compared to the year-ago period.

Second-quarter revenues slipped 4% to $30.6 million.

For the first six-months, the company showed a 53% net profit decline, to $1.3 million, on $52.5 million in revenue, less than a 1% decline from last year.

The company said that its sale of the Cattleman restaurant undercut its financial results in the second quarter. It also said food costs were higher than normal in the first quarter.

The company owns, operates and franchises a chain of dinnerhouses along the Eastern Seaboard and recently opened two franchised Show Biz pizza-and-games units in New Jersey.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended July 1							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
					Change		52-Week						Last Fiscal Year														
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	6.38	5.50	6.38	.50	8.51	7.88	3.75	-.49	.48	.12	42.15	.05	.21 S	NE	-25.0	.3	37.5	.00	.0	01-06-81	37.1	.1	1.4	6.13	2.99	1082
Am Motor Inns	INN	38.50	35.63	37.00	.13	.34	38.50	15.88	.05	-.82	-1.40	18.90	2.10	.40 N	20.3	27.0	7.0	15.6	.25	.7	08-10-83	161.4	11.3	1.6	15.08	13.00	0782
ARA Services	ARA	55.00	48.13	51.50	-2.75	-5.07	55.00	26.00	-.25	-.22	-1.74	28.45	3.43	-.30 S	-7.8	-7.0	1.4	14.6	2.05	4.0	05-26-83	2805.6	38.9	1.1	22.39	44.25	0982
Assoc Hosts	AHST	25.25	23.00	24.75	-.25	-1.00	26.50	5.00	-.13	1.30	.57	14.10	.58	-.12 S	-16.6	-15.0	2.2	41.3	.18	.7	05-31-83	78.6	1.7	1.6	6.60	7.58	0982
Beefsteak Char	BCS	8.50	7.00	7.75	-.63	-7.46	9.75	4.50	-.49	.22	.03	-25.87	.88	.04 S	5.7	34.0	3.7	10.6	.00	.0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	32.75	29.25	30.50	-2.13	-6.51	33.00	14.66	.57	-1.78	-1.55	-.44	1.11	.02 F	1.8	21.0	7.5	27.5	.30	1.0	05-09-83	187.5	14.1	1.7	.00	5.17	0482
Bonanza Intl Inc	BNZA	6.88	5.38	5.88	.63	11.90	6.88	1.50	.89	.46	6.92	-8.14	.11	.17 Q	NC	-81.0	3.1	34.6	.00	.0	00-00-00	16.1	.5	1.6	9.70	1.67	1282
Brock Hotel Cp	BHC	10.00	8.63	9.13	-.75	-7.59	14.50	7.50	-.76	.65	-1.09	-23.98	.39	-.31 Q	-52.5	-4.0	2.0	32.6	.10	1.1	06-13-83	259.8	5.1	1.2	11.01	3.90	1281
Calny Food	CLNY	16.75	15.50	15.75	.75	5.00	17.25	5.50	.18	-.90	.95	-50.33	.80	.06 F	8.1	7.0	4.6	19.7	.20	1.3	04-28-83	30.2	1.4	.6	1.01	1.51	0282
Captain Crabs	CRAB	6.63	5.88	5.88	-.13	-2.08	6.63	1.00	1.81	-2.04	3.81	-44.72	.00	.00 S	NC	NC	.0	NE	.00	.0	00-00-00	.9	.0	7.0	.04	.22	0882
Carrols Develop	CRL	14.63	12.25	12.88	-.88	-6.36	15.25	3.34	-.12	-.73	-1.36	-11.13	.44	.40 N	93.0	22.0	1.9	15.5	.07	.5	02-02-83	68.6	1.3	.6	6.55	4.00	0582
Chart House	CHHO	36.50	32.75	35.75	1.88	5.54	36.50	17.25	-.03	.59	-1.47	.91	2.08	.05 Q	2.4	13.0	4.9	17.1	.60	1.7	06-24-83	382.0	18.7	.9	14.53	10.14	1281
Chi-Chis	CHIC	34.75	29.25	34.75	.63	1.83	35.75	8.75	-.16	.44	3.74	48.67	.55	.34 N	82.9	26.0	11.7	46.3	.00	.0	12-20-82	38.6	4.5	3.0	2.18	2.26	0482
Ch Full O Nut	CHF	21.50	19.25	21.13	-.25	-1.17	21.75	12.50	.18	1.96	1.43	53.49	.34	.10 N	25.0	-8.0	1.4	42.3	.40	1.9	12-09-82	115.8	1.6	3.1	.43	5.97	0782
Churchs Fr Ch	CHU	29.88	27.88	28.00	-1.88	-6.28	29.88	16.75	.11	-1.16	.38	35.99	2.19	-.11 Q	-4.7	9.0	10.1	12.7	.72	2.6	05-20-83	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.88	3.50	3.63	.00	.00	4.00	2.75	-.24	-.18	-2.10	2.50	.13	.19 F	NE	NE	2.1	27.9	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	19.44	18.00	18.13	-1.31	-6.75	19.84	7.50	-.32	-1.15	1.13	8.57	1.47	.35 F	31.2	16.0	3.8	12.3	.20	1.1	07-01-83	325.5	12.4	1.3	4.96	7.13	0482
Consul Corp	CNSL	18.13	15.38	17.38	-.75	-4.14	18.75	5.88	-.37	.63	-.37	14.96	.00	.16 N	400.0	NE	.0	86.9	.00	.0	00-00-00	17.6	.0	.7	2.21	2.88	0582
Cracker Barrel	CBRL	25.25	21.69	25.25	3.25	14.77	27.34	6.16	.21	.26	4.67	-28.85	.69	.21 N	31.8	20.0	3.7	29.0	.13	.5	07-01-83	35.4	1.3	1.9	3.57	4.46	0782
Dennys Inc	DEN	34.38	32.13	33.50	1.38	4.28	36.88	22.38	-.24	.32	1.29	-22.96	2.47	.26 N	11.1	9.0	3.9	12.9	.64	1.9	06-06-83	955.7	36.8	1.4	15.81	15.02	0682
Dunkin Donuts	DUNK	27.13	24.50	25.00	-3.13	-11.11	28.75	9.91	.11	-1.19	.95	-13.22	1.40	.21 S	16.0	18.0	9.4	16.4	.28	1.1	08-15-83	71.3	6.7	1.2	12.87	15.97	1082
Frischs	FRS	20.00	17.13	20.00	2.00	11.11	20.00	7.94	-.15	3.49	3.96	27.53	1.80	-.27 N	-15.0	12.0	3.8	13.2	.40	2.0	06-28-83	101.0	3.8	1.5	6.23	13.58	0582
Godfathers Pizza	GFPZ	22.38	20.38	21.00	-1.75	-7.69	25.50	9.63	-.59	-.16	-2.65	-9.33	.65	.01 Q	1.5	104.0	15.8	32.8	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Hambrg Hamlet	HAMB	12.00	11.75	12.00	.25	2.13	12.00	5.50	.48	-.19	1.33	15.00	-1.10	-2.45 F	-181.4	-22.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	.7	20.45	13.07	0382
Hardwicke	HAWK	1.50	1.38	1.38	-.25	-15.38	2.00	.88	-.63	-2.91	-3.67	50.00	-12.59	-9.67 Q	NE	-94.0	-89.4	NE	.00	.0	00-00-00	27.4	-24.5	.3	12.03	-4.31	0982
Hilton Hotels	HLT	59.00	54.63	58.50	3.00	5.41	60.25	27.63	-.17	.03	.65	-4.19	3.04	-1.10 Q	-27.9	.0	14.4	20.6	1.80	3.1	05-27-83	562.9	81.3	2.0	6.73	21.31	1282
Holiday Inns	HIA	58.75	54.13	57.00	-2.00	-3.39	59.00	24.50	.56	.54	-1.60	4.47	2.50	-.18 Q	-6.4	8.0	6.8	21.9	.84	1.5	06-13-83	1425.3	97.2	.9	11.74	25.35	1282
Holiday Inns A	HIA A	84.00	83.50	83.50	.50	.60	84.00	38.50	.54	-.16	-.71	.00	NA	NA	NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	48.50	38.88	44.50	1.63	3.79	48.50	13.06	.45	1.58	-.73	-2.86	1.11	.34 Q	36.9	38.0	2.8	35.3	.00	.0	09-27-82	235.4	6.6	1.1	14.18	7.15	1282
Hungry Tiger	HTIG	10.25	9.50	9.50	-.75	-7.32	12.25	5.34	-.21	-.68	-1.22	-8.42	.78	-.07 S	-9.4	7.0	3.8	14.2	.00	.0	11-15-82	55.9	2.1	.6	4.91	5.57	0882
Imperial Grp	IMT	2.00	1.81	1.88	.00	.00	2.06	1.56	-.11	-1.02	5.52	78.26	.47	.00 F	.0	9.0	2.6	4.0	.12	6.4	04-12-83	7742.8	196.3	1.1	.54	1.92	1082
Intl Dairy Queen	INDQ	39.00	33.50	35.50	-3.50	-8.97	40.00	12.25	.08	-2.10	-1.74	-27.50	2.17	.60 Q	35.5	30.0	6.3	15.5	.00	.0	00-00-00	98.6	6.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	29.75	25.00	26.38	-3.25	-10.97	30.00	3.50	.63	-1.45	-1.43	-.48	.33	.98 N	515.7	20.0	1.4	22.5	.00	.0	10-09-79	36.6	.5	.3	4.09	3.77	0682
JBs Rest	JBBB	18.00	16.50	18.00	.25	1.41	18.00	5.75	-.14	1.36	1.17	.29	.93	.27 S	37.5	13.0	3.5	18.2	.16	.9	05-09-83	45.1	1.6	.9	6.38	5.84	0982
Jerrico Inc	JERR	22.00	20.50	20.50	-1.88	-8.38	23.50	12.69	-.47	-.44	-1.47	.65	1.40	-.11 N	-7.5	21.0	5.1	15.3	.12	.6	05-09-83	425.5	21.8	.9	2.91	8.99	0682
Kapok Tr Inns	KTI	10.75	7.75	9.88	2.25	29.51	10.75	3.00	1.37	.07	5.34	-30.81	-.37	-.17 S	NE	-46.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	16.50	15.50	15.88	.00	.00	24.50	10.34	-.56	-.96	.04	24.39	.59	.26 N	72.2	98.0	8.4	25.6	.00	.0	10-13-82	17.9	1.5	.9	.89	4.40	0382
Karcher Carl	CARL	32.00	30.00	31.50	-2.00	-5.97	34.13	9.59	.18	.40	.44	-22.54	1.21	1.43 N	NC	17.0	3.4	22.0	.00	.0	02-16-83	200.6	6.9	1.9	5.15	6.67	0182
Lubys Cafe	LUB	33.25	31.50	31.88	-.63	-1.92	33.25	20.50	.14	-.29	.59	5.65	1.35	.18 N	13.8	20.0	9.1	21.5	.48	1.5	06-06-83	127.3	11.6	1.9	.64	6.79	0882
Marcus Corp	MRCS	15.13	14.25	14.50	.00	.00	15.13	6.13	.09	.23	-4.21	-35.51	1.13	.06 N	5.1	4.0	5.7	11.9	.25	1.7	07-01-83	103.8	5.9	.8	2.98	9.76	0582
Marriott Corp	MHS	81.00	76.00	76.00	-2.00	-2.56	81.00	32.00	.27	-1.20	.68	20.04	3.44	.38 Q	11.8	24.0	3.7	21.2	.36	.5	06-20-83	2541.4	94.3	.9	33.49	19.43	1282
McDonalds Cp	MCD	66.50	62.25	65.50	2.88	4.59	74.50	45.69	-.08	-.23	-.48	2.44	5.00	.65 Q	14.5	17.0	11.1	12.8	1.00	1.5	05-24-83	2715.2	300.6	.5	17.62	25.51	1282
Morrison Inc	MORR	22.13	20.25	21.50	1.25	6.17	22.13	11.25	.71	.26	-.42	5.52	1.16	.31 N	29.5	9.0	4.1	15.8	.40	1.9	04-11-83	364.3	15.1	1.4	2.95	7.90	0582
Mr Steak	MSST	10.25	8.88	9.38	-1.00	-9.64	10.50	1.75	-.14	1.36	-2.40	-1.50	-.98	-.42 S	NE	-38.0	-2.7	NE	.00	.0	05-29-80	59.8	-1.6	1.1	4.26	3.76	0982
Nathans	NATH	2.63	2.13	2.38	-.25	-9.52	2.75	.72	.58	.74	.81	22.15	.03	.80 N	NE	NE	.6	23.8	.00	.0	09-09-82	16.7	.1	.5	.10	1.73	0382
Naugles	NAUG	31.00	27.75	29.50	-1.75	-5.60	31.75	8.81	-.25	-.07	5.32	-1.85	.78	.83 N	NC	47.0	3.9	35.5	.00	.0	11-01-82	55.8	2.2	.4	8.04	2.73	0682
Oakbrook Cons	OKCO	15.25	15.25	15.25	.25	1.67	18.50	9.00	-.10	-.17	-5.56	.00	.69	-1.12 S	-82.9	-29.0	.4	66.3	.32	2.1	03-14-83	143.6	.6	.6	3.82	13.85	0982
Orange-co	OJ	6.50	5.25	5.75	-.75	-11.54	7.88	4.38	-.79	1.10	3.38	-37.80	-.25	-1.94 S	-192.0	-28.0	-.8	NE	.00	.0	02-22-82	74.0	-.6	1.3	13.28	4.63	0882
Peoples Rest	PEPL	13.75	11.00	13.75	2.75	25.00	13.75	5.50	.19	4.19	2.53	30.91	.19	.20 N	NC	81.0	13.8	68.8	.00	.0	00-00-00	5.8	.8	.5	.75	2.39	0682
Piccadilly Caf	PICC	17.50	16.13	17.50	1.13	6.87	18.13	13.50	-.25	2.15	2.14	-16.79	1.39	-.36 N	-25.0	9.0	5.9	16.2	.60	3.4	06-09-83	142.6	8.4	1.9	.00	7.29	0682
Pizza Inn	PZA	16.50	12.50	16.38	3.88	31.00	16.50	4.50	.50	.34	3.82	-31.30	.61	.24 Q	43.6	5.0	1.3	20.7	.02	.1	04-11-83	135.1	1.7	.9	13.55	7.29	1282
Pizza Time Thea	CHKY	18.75	16.25	16.75	-1.75	-9.46	28.75	14.25	-1.65	-.77	.63	17.71	1.27	.33 Q	40.2	29.0	7.6	14.6	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	24.38	21.50	22.88	-1.75	-7.11	25.25	9.59	-.38	-.11	-.88	-26.53	1.50	.26 Q	20.3	-4.0	2.8	14.9	.33	1.4	06-08-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	11.88	10.38	10.75	-.13	-1.15	11.88	4.25	.35	-.73	-5.92	-3.06	-.73	-.69 Q	NE	-44.0	-3.6	NE	.00	.0	10-19-81	548.3	-19.8	.6	18.98	6.03	1281
Restaur Assc	RA	10.13	8.75	9.00	-.88	-8.86	11.38	3.25	-.46	-.58	-.73	-36.06	.77	-.06 Q	-8.2	22.0	1.8	13.4	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	26.25	23.25	25.00	2.25	9.89	26.25	3.09	1.19	-1.15	4.47	-9.87	.33	.36 Q	NC	68.0	10.6	69.4	.00	.0	04-20-83	9.4	1.0	3.1	.34	1.61	1282
Saga Corp	SGA	35.63	30.13	35.00	2.38	7.28	36.50	12.50	-.02	1.27	1.66	38.96	1.68	.49 N	30.4	41.0	1.9	16.7	.36	1.0	06-02-83	901.0	16.8	.9	4.26	8.86	0682
Sandwich Chef	SHEF	15.25	14.75	14.75	-.50	-3.28	15.50	11.50	-.02	-1.00	7.23	51.75	.77	.75 N	NC	24.0	4.7	19.7	.00	.0	00-00-00	17.0	.8	.6	.50	3.42	0682
Sea Galley	SEAG	14.63	12.13	14.50	2.00	16.00	14.63	5.50	1.12	1.29	-.60	3.53	.02	-.91 Q	-135.8	-33.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	19.75	18.25	18.25	-1.25	-6.41	19.75	7.03	.26	-1.21	-3.20	5.19	.74	-.79 F	-51.6	42.0	1.5	24.7	.00	.0	07-09-82	139.1	2.1	1.1	50.99	5.46	1281
Shoneys Inc	SHON	25.75	24.00	25.75	.13	.49	27.38	12.66	-.17	.85	1.56	17.10	.86	.18 Q	24.3	19.0	5.1	28.0	.15	.6	07-05-83	324.9	16.6	1.0	2.65	5.02	1082
Skippers	SKIP	15.50	14.50	15.50	.75	5.08	15.50	3.16	.09	.67	-7.30	17.96	.48	.27 Q	67.5	14.0	2.6	23.1	.08	.5	03-31-83	38.1	1.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTZ	16.00	16.00	16.00	.00	.00	16.50	10.50	-.16	-.16	10.40	-95.95	.28	.64 Q	NE	-12.0	.9	26.7	.20	1.3	06-13-83	80.1	.7	1.1	26.22	9.51	1282
So Hospitality	SHOS	7.25	5.50	5.75	-1.75	-23.33	7.50	1.38	.63	-2.41	3.49	-22.59	.14	.21 N	NC	25.0	2.5	27.4	.00	.0	00-00-00	20.3	.5	1.0	2.29	-.20	0582
Steak n Shake	STAK	8.38	7.63	8.13	-.13	-1.52	8.50	2.63	.21	-.80	-1.61	-16.20	.18	.17 S	283.3	37.0	1.4	35.3	.00	.0	05-17-79	57.2	.8	1.1	4.94	2.76	0982
Victoria Stations	VSTA	13.50	12.25	12.25	-1.38	-10.09	13.63	5.00	.87	-.45	-2.70	-6.16	-2.42	-2.77 F	-791.4	-47.0	-7.1	NE	.00	.0	09-19-79	112.3	-8.0	1.0	7.67	10.49	0382
Wendys Intl	WEN	18.75	16.38	17.38	-.13	-.71	19.63	9.59	-.30	-.80	1.20	10.34	1.13	.16 Q	15.8	13.0	7.3	14.9	.24	1.4	04-29-83	607.6	44.1	.6	2.56	5.27	1281
Webb Del E	WBB	25.00	22.50	24.13	.63	2.66	25.00	6.13	1.06	.62	-.08	-4.36	.16	-.80 Q	-129.0	-25.0	.5	NE	.00	.0	11-07-80	311.2	1.5	.9	11.32	13.71	1282
Western Steer	WSMP	15.50	13.75	14.00	-1.50	-9.68	17.50	8.00	-.57	-.53	8.19	-33.13	.92	.92 F	NC	6.0	3.1	15.2	.12	.9	06-03-83	28.8	.9	1.3	6.97	6.29	0282
Winners Cp	WNER	16.63	15.88	16.50	.38	2.33	16.63	6.94	.20	-.59	-2.99	-4.40	.63	.07 Q	12.0	8.0	2.6	25.4	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

Western Steer net profit up 43% in first quarter

CLAREMONT, N.C.—Western Steer-Mom 'n' Pop's Inc., franchisor of 167 budget steakhouses, posted a 43% gain in net profit to $224,532 for the first quarter ended May 20, compared to the year-ago period.

Revenues climbed 20% to $7.8 million.

The company recently raised $4.5 million in an equity offering.

In the fiscal year ended Feb. 25, Western Steer reported net profit down 14% to $866,000 and revenues up 5% to $28.8 million.

Coming in the August issues of Nation's Restaurant News

CHAIN ANALYSIS

Part I: Top 100 Chains on Aug. 1

Part II: Menu and Operational Breakouts on Aug. 15

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Acapulco y Los Arcos	3 mos. 6 mos.	5/1	$ 9.5 17.9	2.8 1.2			$(0.197) (0.467)	— —
Beefsteak Charlie's	3 mos. 6 mos.	5/14			$30.6 52.5	(4.0) (1.0)	0.988 1.300	(47.0) (53.0)
Western Steer— Mom 'n' Pop's	3 mos. 12 mos.	5/20 2/25			7.8 28.8	20.0 5.0	0.225 0.866	43.0 (14.0)

Source: *Company earnings reports*

—loss in corresponding period

**In millions*

†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Hotel chain execs bullish on industry's future

(Continued from page 3)

Milburn said his company's newest concepts, the Embassy Suite all-suite properties and the upper-end Crowne Plaza hotels, "will represent a very small part of Holiday Inn."

Nicholas Pritzker, Hyatt Hotels Corp. executive vice president, light-heartedly but pointedly said, "One thing I'm not here to do today is to announce creation of a low-end product." This was an apparent reference to Marriott's just-disclosed plans to develop Courtyard by Marriott, an experimental chain of moderately-priced motels.

Continuing in the same vein, Sam Barshop, chairman, president and chief executive of La Quinta Motor Inns, jokingly disspelled "rumors" that La Quinta plans to build hotels with atriums, waterfalls and other frills. La Quinta's no-frills properties have no public spaces and trade in the low to mid-priced segment.

In addition to the good-natured kidding aimed at other companies, there was self-effacement as well. Greg Lenox, executive vice president of Howard Johnson, thanked the staff of the Waldorf-Astoria, where the conference was held, for what he said was "the first good night's sleep I've had since joining Howard Johnson Co. last year."

Fifth Conference

This was the fifth annual Hospitality Industry Investment Conference sponsored by the Real Estate Institute of New York University, Stephen W. Brener Associates Inc., Pannell Kerr Forster public accountants and consultants, and *Lodging Hospitality* magazine.

In their speeches and during question and answer sessions, the hotel chain executives, who shared the podium with bankers, realtors, developers, and investors, reviewed their philosophies on hotel development, financing and expansion.

'We've been through the worst economic period since the depression and yet Hyatt reports a rise in occupancy, Marriott is down just a little and Ramada's occupancy is flat. In the next couple of years, we'll see a dramatic rise in occupancy rates.'

—Gary Wilson, Marriott Corp.

Gregory R. Dillon, executive vice president of Hilton Hotels Corp., said he saw "greater competition for capital in the next few years," with equity syndication replacing debt financing as a way of paying for new hotels.

Dillon cautioned about overbuilding, saying that hotel firms had to create properties "the public wants and create properties that will remain competitive through the 1990s."

Marketing War

Hilton, Marriott, Hyatt, Sheraton, and Westin are involved in a marketing "war . . . competing for conventions and there's just not that much business out there," Dillon said.

Marriott's Wilson disagreed with Dillon's view on overbuilding and market saturation, saying that except in certain markets, "I don't think there's any problem." He noted people often leave out "the obsolescence factor" when talking about saturation.

Citing New York City as an example, Wilson noted that even though 5,000 upper-end hotel rooms were added in the last couple of years to New York's inventory, 9,000 hotel rooms were retired.

Hyatt's Pritzker said his firm was proceeding with a slow expansion pace, opening about three or four new properties a year on a current base of 72 hotels. He said Hyatt "will maintain its commitment to the upper-end market" and concentrate on opening more resort hotels in the future.

Pritzker said he sees growing consumer demand for greater quality and service as well as growing competition and price wars among chains. And he predicted that "both developers and lenders will be looking very closely at overbuilding in certain markets" like Houston.

'I do think there will be a market share war and it's going to be a question of which chains are prepared to fight it.'

—Mark Forrester Ramada Inns

Holiday Inns, though it has diversified with all-suite hotels, casino-hotels and upscale properties in the last two years, has no plans to enter the budget segment because some roadside Holiday Inns already compete with budget motels, Milburn said.

Most Holiday Inn expansion is financed internally, he added, and although the company will "probably do more deals in the future than we have in the past" he views so-called creative financing as "nothing more than warmed over varieties of what we've seen before."

He, too, said there has been overbuilding in Houston and other "glamour markets" but said that overall "we're going to have a very healthy industry over the next few years."

Mark Forrester, senior vice president of Ramada Inns, said "it sounds like a long-range market share war is in the making. Competition will be fierce. I do think there will be a market share war and it's going to be a question of which chains are prepared to fight it."

Ramada Inns, despite development of 40 upper-end Renaissance hotels, "is preparing for significant building in the mid-priced market from 1984 to 1986," he added. Traditional Ramada Inns "will continue to be the bedrock of the chain."

Howard Johnson's Greg Lenox summed up his company's hotel business for 1982 in this way: "Sales even, service terrible, customer counts off." Howard Johnson, which has no debt, is planning to expand in the immediate future—the last Howard Johnson hotel opened in Buena Vista, Calif., in 1975. There are now 150 company-owned and 300 franchised properties.

Howard Johnson, Lenox said, sees "a large demand for high quality products at mid-price." His company will be building those types of hotels, in addition to 25-30 full-service properties in major markets, the first at Inner Harbor in Baltimore. Most new Howard Johnson hotels will have 300 to 400 rooms, restaurants and lounges, and "a lot of flair."

Great Summer

Ronald Evans, chief executive at Best Western, said he believes business will be "great" this summer in the hospitality industry. Best Western room sales have been up 13.1% over last year, he said.

Willis McFarlane, president of Associated Inns and Restaurant Company based in Denver, said the "demand for good rooms no longer exceeds the supply, leading to a fight for market share."

Forecast

"When we look at acquisitions and look at development of new projects more and more we have to look at what kind of hotel we have and think in terms of what kind of market share we're going to have if we do what we want to do."

Barshop said La Quinta plans to stay in its segment. "We will cookie cut and cookie cut until there are no more cookies to cut," he said.

While saturation has been a problem in certain markets such as New York (left) and Dallas (right), hotel executives expressed optimism about the future.

Minimum wage ranks No. 1 among industry's concerns

By Ken Rankin

WASHINGTON — Food-service industry concerns over rising energy costs, Federal tip reporting requirements, and proposals to limit tax deductions for business meals have taken a back seat to an even more pressing pocketbook issue: The prospect of new legislation boosting the national minimum wage.

That's the bottom line of a recent survey of National Restaurant Association members who rated the "minimum wage and Labor Department regulations" as the most important "external" concern of American food-service operators today.

Over three-quarters (76.6%) of the NRA members responding to the poll described Government wage-hour and related labor regulations as either "very important" or "somewhat important" to the industry.

In contrast, the Internal Revenue Service's pending employee tip reporting rules—perhaps the most controversial Federal food-service initiative of the past five years—ranked no better than fourth among 14 "external factors" rated for relative importance by restaurateurs. Less than 70% of the NRA members described the tax service's tip reporting requirements as an important industry issue.

Although wage and hour regulations have traditionally ranked as a high-priority concern for the labor intensive food-service industry, the fact that the largest proportion of restaurateurs chose the "minimum wage" as their most serious concern is at least mildly surprising.

Despite periodic saber rattling by organized labor advocates of higher Federal pay floors, Congress has not even voted on any minimum wage legislation for more than five years, no such proposals are under active consideration on Capitol Hill now, and the current $3.35 national hourly wage requirement has remained unchanged since the beginning of 1981.

On the other hand, there have been a flurry of recent increases in state minimum wage levels affecting some smaller restaurants exempt from the national pay floor requirements. In addition, a series of recent court rulings and regulatory interpretations affecting employee meal and tip credits, overtime pay requirements and other nonminimum wage Federal labor enforcement activities have surfaced recently.

The survey also produced some other surprising responses from restaurateurs which may lead to a re-evaluation of lobbying priorities at NRA.

Although Agriculture Department officials backed down from their controversial scheme to lower Federal standards for U.S.D.A. Prime and Choice grade beef last year, over half (52.7%) of the NRA members ranked "beef grading standards" as one of the industry's present 10 top concerns.

Even more surprising was the low level of importance attached to the "illegal alien" controversy by most food-service operators.

Congress is closing in on new legislation setting stiff criminal penalties for employers of "undocumented aliens" and establishing cumbersome new immigration status record-keeping requirements for industries such as food-service which are suspected of hiring a disproportionate share of illegal immigrants.

Although blocking this Federal legislation has been a top lobbying priority for the NRA Government relations staff over the past two years, the association's members ranked "employment of illegal workers" dead last in importance of the 14 issues surveyed.

Only 18.6% of the restaurateurs responding to the survey rated the illegal alien issue even "somewhat important" to the industry.

Although the results of the survey are not likely to prompt any immediate or drastic shifts in NRA lobbying priorities, researchers at the association acknowledged the findings may help to shape decisions for "current and future needs for association programs and services."

Other external factors rated as low in significance by food-service operators include "smoking/nonsmoking issues" and "sodium content in food," both of which are considered important by fewer than 25% of the association's members.

At the opposite end of the spectrum, the survey suggests that industrywide concern over the rising cost of food, supplies and labor remains high despite the sharp decline in overall inflation.

In fact, concern about "food costs and inflation" ranked second only to the minimum wage in importance to NRA members, with 76.4% calling this issue at least "somewhat" important.

Efforts by the Reagan Administration to dismantle the Department of Energy and peel back Federal energy regulations affecting restaurants have not defused industry concerns in this area either.

Seven-out-of-10 restaurateurs responding to the poll rated "energy costs and regulations" as an important issue, and, overall, energy ranked as the third most pressing concern for food service.

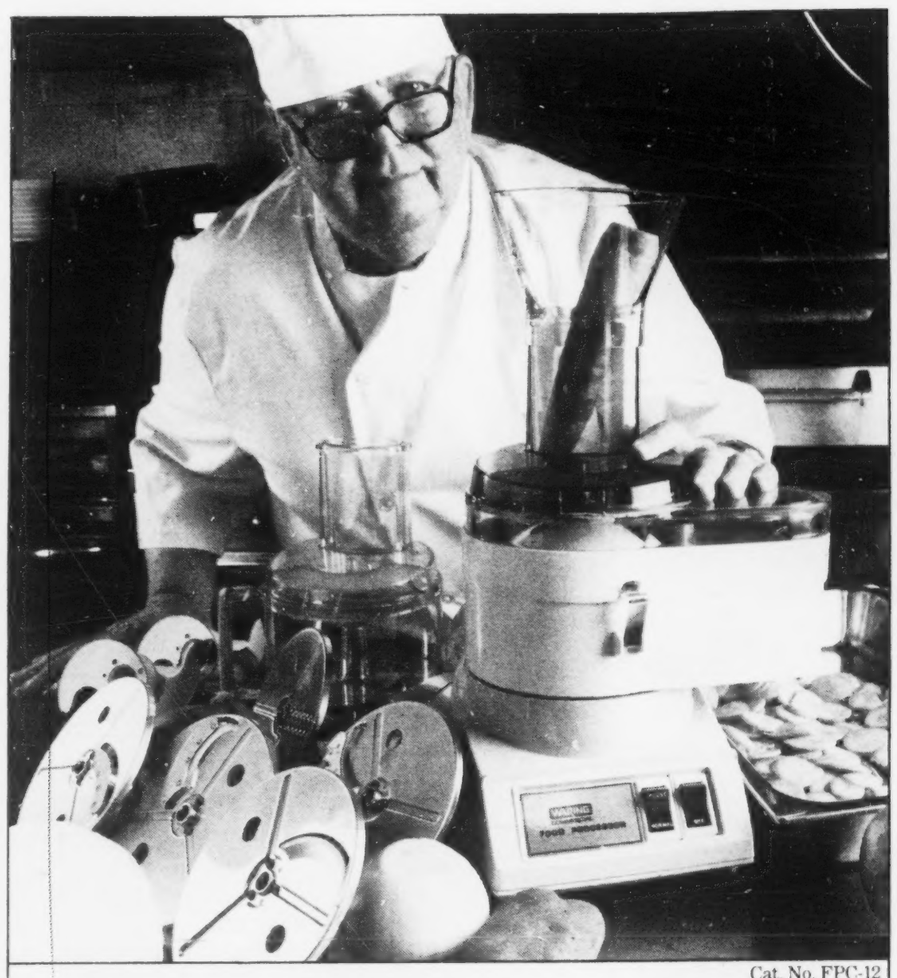
"Liquor consumption and its relationship to drunk driving"—a hot topic in many state legislatures this session—was the only other external factor rated important for food-service operators by more than 60% of the NRA membership.

SURVEY OF NRA MEMBERS

Here's the way National Restaurant Association rank-and-file members rank current food-service issues in order of relative importance:

Rank	Issue	Very Important or Somewhat Important
1	Minimum wage and Labor Department regulations	76.6%
2	Food costs and inflation	76.4
3	Energy costs and regulations	69.9
4	Tip income reporting requirements	69.5
5	Liquor consumption and its relationship to drunk driving	60.9
6	The tax deductible business meal	59.9
7	Human resource issues . . . including the motivation and training of employees	58.9
8	Public health and safety regulations	57.9
9	Beef grading standards	52.7
10	Changing consumer attitude and life-style issues	51.5
11	Expanded use of computer technology	50.0
12	Sodium content in food	24.8
13	Smoking/nonsmoking issues	24.6
14	Employment of alien workers	18.6

SOURCE: NRA Research Department



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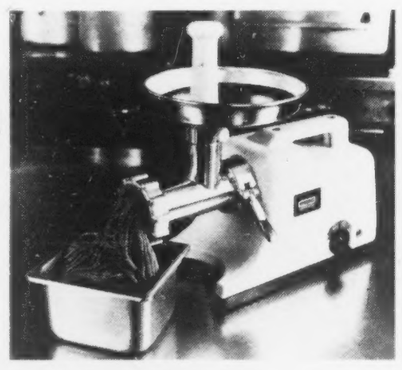

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CHAIN ANALYSIS/PART 1

A look at the top 100 chains—Pages 75-134

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Authority shifting to field managers

Major chains seeking higher productivity at unit level

By Donald Frazier

Chain operators, battling to bolster unit productivity and grab market share, are shifting increasing responsibility to their field supervisors.

Chains as diverse as Denny's, Burger King, Hardees, Red Lobster and Kentucky Fried Chicken are taking steps to reduce the number of units that each field manager must oversee and to clarify his duties.

Most significantly, this wave of change is tending to decentralize authority and kindle the spark of individual initiative in one of America's most management-systematized industries.

Secondarily, it is attacking a historic problem for many large chains: over-reliance on individual unit managers for effective restaurant operation.

The immediate aim of the chains themselves is clearly to make sure that unit profitability can be controlled at levels above the unit manager's.

For most this means control by area supervisors, overseeing the activities of anywhere from a handful to a dozen or so units and their bosses, various levels of district and regional managers, supervising activities over geographic areas that can include large numbers of units in many states.

"It's all a matter of return on investment," according to the head of human resources for one Southeastern chain. "Sure, we could make each unit run itself if we wanted to. But that would be so expensive it would ruin the company."

"Instead, we prefer to concentrate our resources where they do the most good on a dollar-per-person basis. And that generally turns out to be on the level of the field supervisor."

Kentucky Fried Chicken, for example, recently reduced the number of units under each field manager—the title at KFC is area manager—from more than eight to about six for its over 950 company-operated shops.

"Closer attention by the area manager helps us do two things," according to the company's spokesman Greg Reyn-

(Continued on page 190)

REAL SALES GROWTH OF SELECTED CHAINS

Chain	1981 Avg. Unit Sales (000)	% Menu Price Rise (1980-81)	1982 Avg. Unit Sales (000)	% Avg. Unit Sales Change From Previous Year	% Menu Price Rise In Past Year	% Real Sales Change†	1983 Avg. Unit Sales* (000)	% Avg. Unit Sales Change From Previous Year	% Menu Price Rise In Past Year*	% Real Sales Change†
McDonald's	$1,110	14.0	$1,130	+ 2.0	7.0	− 5.0	$1,150	+ 2.0	5.0	− 3.0
Burger King	751	4.0	785	+ 5.0	2.0	+ 3.0	850	+10.0	2.0	+ 8.0
Wendy's	674	8.0	703	+ 4.0	3.0	+ 1.0	750	+ 7.0	2.0	+ 5.0
Hardee's (Company Owned)	660	0.0	745	+13.0	1.0	+12.0	864	+16.0	2.0	+14.0
Spartan Foods (Hardee's Franchisee)	746	2.4	761	+ 2.0	2.0	0.0	783	+ 3.0	2.0	+ 1.0
KFC (Domestic Only)	368	12.0	383	+ 4.0	3.0	+ 1.0	422	+10.0	5.0	+ 5.0
Church's	400	11.5	383	− 4.0	4.0	0.0	395	+ 3.0	0.0	+ 3.0
Popeyes	575	5.0	615	+ 7.0	6.7	+ 0.3	715	+16.0	4.5	+11.5
Int'l Dairy Queen	235	5.0	252	+ 7.0	3.0	+ 4.0	270	+ 7.0	5.0	+ 2.0
Friendly	626	10.0	641	+ 2.0	5.5	− 3.5	666	+ 4.0	3.0	+ 1.0
Frisch's	677	6.0	711	+ 5.0	3.0	+ 2.0	756	+ 6.0	3.0	+ 3.0
Village Inns	720	2.0	728	+ 1.0	3.5	− 2.5	786	+ 8.0	3.0	+ 5.0
Morrison	1,500	7.0	1,700	+13.0	7.0	+ 6.0	1,800	+ 6.0	6.0	0.0
Luby's	2,200	9.0	2,300	+ 5.0	7.0	− 2.0	2,400	+ 4.0	5.0	− 1.0
Piccadilly	1,270	10.0	1,430	+13.0	7.0	+ 6.0	1,530	+ 7.0	4.0	+ 3.0
Quincy's (Spartan Foods)	855	1.0	887	+ 4.0	8.0	− 4.0	922	+ 4.0	5.0	− 1.0

Source: *NRN* research | **NRN* estimate | †Average Unit sales change minus menu price rise

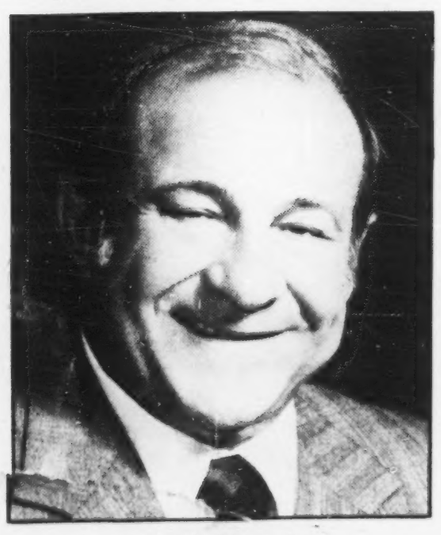
This chart and the one on Page 79 *(see Chain Analysis) are the basis of the Page 75 graphs charting three-year overall unit sales growth, menu price increases and real sales growth.*

Karcher recasting Carl's Jr. in new mold

By Richard Martin

ANAHEIM, Calif.—In what may be a momentous conceptual maneuver with far-reaching implications, Carl Karcher Enterprises has positioned its burgeoning 360-unit Carl's Jr. burger fleet in the Southwest for a quantum leap beyond the traditional bounds of fast-food.

Retrofits of the entire CKE chain with dishwashers, non-disposable plates and flatware will be complete next month as a four-entree Charbroiler Dinner menu is fully rolled out.



Carl N. Karcher
chairman of the board

Building on its self-styled reputation as "the Rolls-Royce of fast-food," Carl's Jr.'s new dinner concept moves the company into uncharted territory between the fast-food and coffee shop segments—a niche it may be free to exploit on its own for some time.

The charbroiled dinners include a 6-oz. top sirloin ($3.99), 8-oz. ground round ($3.49), 5-oz. rainbow trout ($3.59), and 8-oz. double chicken breast filet ($3.69). All dinners are *served* (after 2 p.m. Carl's Jr. shifts to a pay-first table service concept) with garlic bread and a choice of baked potato, batter-fried zucchini or wedge-cut fries.

Since the upgrade project began with tests in March, virtually all 150 units outside Los Angeles have already undergone the approximate $5,000-per-store retrofitting. CKE's 215 Carl's Jr. units in the five county Los Angeles market will come on line in September, when a $3-million multimedia ad campaign commences.

Defying the recently sluggish examples of most other fast feeders, CKE has increasingly extracted incremental business from new menu items added over the past few years.

"Product development is the leverage point for us," said marketing vp Keith Frohreich.

While most of the major fast feeders have just recently begun to recover from a period of negative real growth (now posting an average real growth rate estimated at about 2%-3%) Karcher units have averaged a 6% real growth pace so far this year. Frohreich figures about half of that gain has come from two relatively new $1.89 items, the Western Bacon Cheeseburger and the Charbroiler Chicken Sandwich, which each reportedly account for about 8%-10% of food sales.

Frohreich likens the potential significance of the new charbroiler dinner concept to the introduction of fast-food breakfast by McDonald's.

"The area where we are moving has not yet been defined," he said. "We can't say for sure there is a definite need for what we are doing, but by maneuvering between the fast-food and coffee shop/budget steak markets we might be able to appeal to both."

(Continued on page 190)

Saga acquiring five-unit Spoons

By Richard Martin

HOUSTON—A showdown could be brewing on the newly opened Southwestern burger frontier.

Saga Corp. has persisted in its bid to enter the hot upscale burger market and has signed a definitive agreement to buy Houston-based Spoons Restaurants.

This puts Charles Lynch's formidable Saga organization and Spoons founder Chandler against the 23-unit Chili's operation, led by former Pillsbury restaurant chieftain Norman Brinker and founder Larry Lavine. A battle for market share is anticipated as the two operations gear up for rapid expansion. (See story, Page 8.)

Spoons, a five-unit, full-service chain with a concept adapted largely from Chili's, apparently fills the gap in Saga's acquisition plans created when Dallas-based Chili's balked at a tentative buyout bid in June, after signing a letter of intent. Chili's then hired Brinker to lead its expansion forces.

Saga promptly hit the road for Houston but this time

(Continued on page 190)

LATE NEWSBREAKS

Quaker Oats Co. has agreed to pay $208 million for Stokely-Van Camp, topping an earlier Pillsbury offer of $168 million. (Story, Page 8.)

Castle Entertainment of Westlake Village, Calif., which last year began a pizza-entertainment chain, Tex Critter's, has decided to seek Chapter XI protection from creditors.

Greyhound's proposed acquisition of 50-unit Peter Piper Pizza is off, according to Greyhound officials.

Hilton Hotels achieved a 22% net profit gain to $28.3 million on an 11% revenues gain to $179 million for the second quarter ended June 30, compared to the same period last year. But for the whole six months, net profit was off 6% to $42.7 million and revenues up only 2% to $324.7 million.

Dole shuns compromise

Renewed legislative tip reporting battle looms

Earlier optimism for a compromise with Sen. Robert Dole over the tip reporting law has evaporated, and NRA leaders are all but resigned to a renewed congressional battle.

By Ken Rankin

WASHINGTON—Frustrated by Senate Finance Committee Chairman Robert Dole's apparent reluctance to strike a compromise on the controversial Federal tip reporting law, National Restaurant Association officials are mapping strategy for a potentially bloody legislative battle over the issue.

At the same time Senate sources indicated that the Internal Revenue Service is ready to give ground on several subsidiary issues.

Earlier this year, NRA leaders appeared optimistic about prospects for reaching agreement with Dole on a series of industry-supported changes in the tip disclosure law and the resulting Internal Revenue Service regulations.

Dole, the Senate Finance Committee Chairman, personally agreed to consider the association's proposed "reforms" following an April summit meeting with top NRA lobbyists, and as recently as late June NRA president Joe Lee advised the group's membership that there was "hope of avoiding a legislative battle" with Dole.

Now that initial optimism appears to have evaporated, and association staffers seem all but resigned to a repeat of last summer's bitter Congressional tip reporting slugfest.

Although NRA lobbyists have had a number of meetings and phone conferences with Finance Committee officials in recent weeks, "there has not been any real progress at all," association spokesman Jeffrey Prince told *Nation's Restaurant News*. "We are no closer to an agreement with Senator Dole than we were back in April."

NRA is seeking three specific changes in the 1982 tip disclosure legislation to make the requirements more "equitable" for restaurant industry employers and workers:

Elimination of the controversial "allocation" rules under which restaurants may be required to report "tips" to Federal tax collectors which were never earned by workers;

Repeal of all reporting requirements for employees of food-service establishments where tip income average less than 5% of food and beverage sales, and

A reporting exemption for all food-service establishments (including multiunit chain outlets) with fewer than 10 full-time employees.

In a letter explaining these proposed changes to the NRA membership, Lee said the amendments advanced by the association would "remove the unfair allocation burden placed on our industry and still provide IRS with the information it needs to ensure taxpayer compliance."

Although Dole—the chief architect of the 1982 Federal tip reporting law—has shown no sign of agreeing to any of the three NRA proposals, IRS rule makers were closing in on a series of regulatory changes at presstime which could ease tip reporting compliance problems for restaurateurs.

Confirmed

According to Sen. Roger Jepsen (R-Iowa), food-service operators and workers can count on at least three key changes in the allocation procedures originally proposed by the tax service late last year.

Those initial IRS rules require restaurants to compute tip averages and make allocations for every pay period during which total tip income reported to the employer does not

(Continued on page 189)

NRA amendments would soften impact

By Ken Rankin

Restaurant industry employers figure to come out ahead if Congress approves the National Restaurant Association's proposed amendments to last year's tip reporting law.

And the vast majority of "honest" food-service industry workers (those who report all of their tips—or at least tip income equal to 8% of the value of the meals they serve) will also gain as a result of the NRA plan.

But the chronic chiselers who grossly underreport their tips to IRS could be the big losers since the association's proposal would provide tax collectors with an "audit trail" a yard wide leading to these individuals.

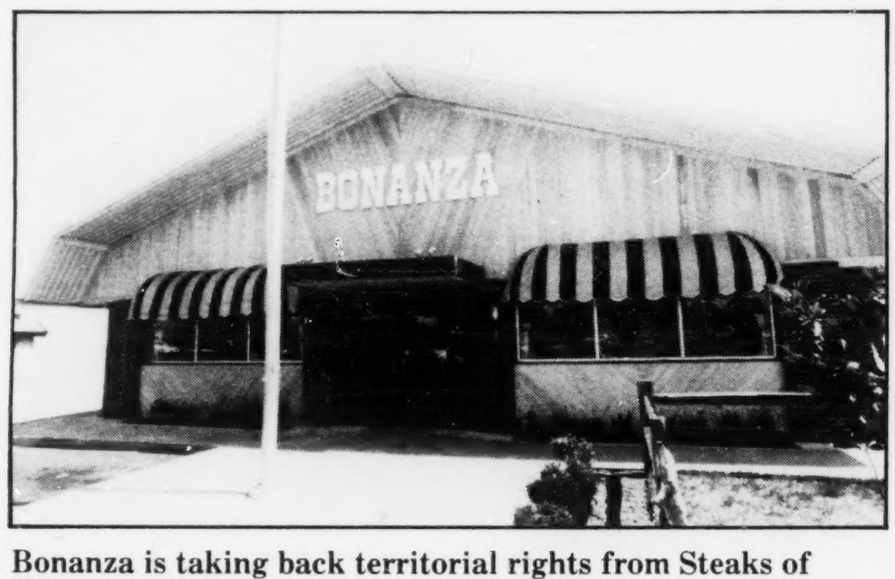
Here's how the NRA-proposed tip reporting requirements would work:

Most cafeterias and in-store snack bar operations would be excluded from the law altogether under the NRA-backed provision exempting all establishments where tips average below 5% of sales.

In addition employees of chain food-service outlets employing less than 10 full-time workers (per unit) would also be granted an unconditional exemption from the requirements.

The most significant change advanced by NRA, however, would eliminate the current allocation provisions entirely and substitute "reasonable reporting requirements" for food-service operators.

(Continued on page 189)



Bonanza is taking back territorial rights from Steaks of USA, one of the chain's largest franchisees.

Bonanza acquiring stores, rights of Steaks of USA

By Don Frazier

DALLAS—Two years after becoming an entirely-franchised company, Bonanza is apparently getting back into the business of running budget steakhouses.

The 565-unit chain will probably take over nine units now operated by a major franchisee, Steaks of USA, according to a spokesman for the Marshall, Texas-based operator.

As a part of the same deal, Bonanza will also take back the territorial rights and the royalties for 105 steakhouses in five states—all now sublicensed by Steaks of USA.

In return, the 48-unit franchisee will garner about $4.8 million in equal installments over the next 18 months, according to Jeff Rogers, Bonanza president.

Bonanza officials did not comment on their motives for the transaction. But two factors apparently played a role in their decision: royalties and future development of the system.

Steaks of USA, a territorial franchisee of Bonanza for the last five years, accounts for "a very large share of our overall business," Rogers said.

Pretax income from the royalties generated by the 105 units will probably funnel about $1.2 million a year into the Bonanza strongbox.

But the future development of the Bonanza system in those

(Continued on page 189)

Strong dollar cuts sales, profits of United States chains abroad

By Rurick Telberg

A strong United States dollar is cutting into sales and earnings at many American restaurant and hotel chains with foreign operations.

"Right now we're experiencing a drop in Australian profits of 15% due to the decline of the Australian dollar," said Gerald Wahlin, chief financial officer at Collins Foods

McDonald's reported fiscal 1982 international operations revenues would have been 7% higher and its operating profits would have been 8% fatter if the United States dollar had not continued to strengthen over foreign currencies.

Hilton International, a Trans World subsidiary, posted a 23% drop in fiscal 1982 operating profits from the year before and blamed three-quarters of it on unfavorable foreign currency translation.

The problem is that when the dollar's value rises over other nations' currencies, foreign operating results do not look as good after sales and profits are translated.

Corporate treasurers have found some relief, however, in an accounting rule change which now permits gains or losses from foreign currency translation to be charged against stockholder equity once a year.

Financial executives complained that under the old rule wild swings occurred every quarter and foreign operating performance did match its portrayal on income statements.

When the dollar was weakening against foreign currencies in the early 1970's, just as United States fast-food chains were first beginning to expand overseas or into Canada, they often posted gains that outstripped actual performance.

But as the world plummeted into a recession and the United States became a safe haven for many investors, the dollar's value soared.

(Continued on page 37)

THE FOREIGN STAKE OF U.S. FAST-FOOD CHAINS

Chain	Foreign Units	U.S. Units
KFC	1,386	4,365
McDonald's	1,341	5,918
Dairy Queen	550	4,204
Mister Donut	435	502
Pizza Hut	310	3,983
Burger King	200	3,200
Denny's	178	1,995
Wendy's	125	2,305

Source: Company reports, *NRN* estimate

HIGHLIGHTS IN THIS ISSUE

6 As never before, research into the relationship between menu price increases and customer count decreases proves you can't have one without the other, writes *NRN* editor Charles Bernstein.

8 Veteran burger warrior Norman Brinker, now with Chili's, has warned that a "battle of the *upscale* burgers" looms on the horizon.

14 A strange, new hybrid—the coffee shop/fast-food restaurant—is being developed on the nation's tollroads.

34 Creative summer drinks are heating up sales and customer interest, writes Wine & Spirits columnist Mort Hochstein.

138 Outspoken as he can be, James A. Patterson—the subject of this month's personality profile—is a quiet, reserved Kentuckian whose professional career is his only consuming passion.

147 Noted French critic Christian Millau offers his opinion of American cuisine and restaurants in a special interview.

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National Frozen Prepared Foods regional insert, pages 5a and b.

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Strong dollar hurting U.S. companies overseas

AS THE U.S. DOLLAR STRENGTHENS

This currency . . .	Is worth this much: (after translation to U.S. dollars)				
Country	1983	1982	1981	1980	1979
Canada	$0.81	$0.81	$0.83	$0.85	$0.86
France	0.13	0.15	0.18	0.24	0.23
Germany	0.39	0.41	0.44	0.55	0.55
Japan	0.42	0.40	0.45	0.44	0.46
Mexico	0.67	1.40	4.10	4.30	4.80
Britain	1.54	1.75	2.02	2.33	2.12

Source: Federal Reserve 1983 data is most recent.

(Continued from page 2)

In Canada, for example, where American restaurant companies first ventured, the Canadian dollar has declined 21% since 1976. Now it is worth about 81¢.

Since 1980, the French franc has tumbled 46% to 13¢, the West German mark has skidded 29% to 39¢, the British pound has fallen 34% to $1.54, and the Japanese yen has slipped 13% to 42¢.

The Mexican peso has been nearly wiped out. At about 67¢, it is worth less than one-hundreth of its 1975 value.

Swinging currency translations are not the only hazards of doing business overseas.

Marriott, for instance, reported that its fiscal 1982 international profits were slashed to $3.4 million from $8.2 million in 1981.

Marriott blamed, in part, wars and crises in the Mideast and South America for downing air traffic which cut into its airline-feeding business.

In addition, operating exclusively in the United States does not insulate a company from buffeting exchange rates.

Cafeteria chains, along the Mexican border, particularly Luby's and Furr's, have watched their trans-border customer base dwindle as the peso disintegrated, wiping out the purchasing power of Mexican tourists and shoppers. Church's Fried Chicken was also affected.

"When the dollar strengthens, revenues are translated into less dollars. When the dollar weakens, revenues are translated into more dollars," said Ray Simpson, project manager at the Financial Accounting Standards Board, who headed the task force that revised exchange rate rules.

Under FASB Statement No. 52, issued December 1981 and mandatory after December 1983, foreign currency translation can now be reported as a separate item on a corporation's equity statement.

Under old FASB Statement No. 8, which had been in effect for more than a decade, currency gains or losses had to be reported every quarter and charged against net profits.

Calling the issue "an emotional subject," Simpson said corporate officers objected to the old rule because it created wild fluctuations every quarter, depending on the lastest exchange rate.

"The businessman had no control," he said. "They were at the mercy of the exchange rates."

In addition, Simpson said, "The results did not fairly portray what was actually happening."

In other words, real sales and profit gains could be wiped out, or ballooned, by a shift in worldwide economic winds.

"FASB No. 52 makes a lot more sense," said Carol Campbell, treasurer at Denny's, the family coffee shop chain with 154 units in Japan.

"Now there's less pencil-pushing," said Frank Heit, executive vice president and treasurer at Dairy Queen, which franchises 420 stores in Canada and Japan. "We can do the work much easier."

Because most fast-food chains franchise their overseas operations, saddling them with almost no foreign assets, international sales and profits have no material impact on the bottom line.

Neither Collins, Denny's, Dairy Queen, Wendy's nor Burger King, for example, reported currency fluctuations under FASB No. 8. Under No. 52, the write-offs are minimal, if at all.

McDonald's, however, has been forced to go out of its way to explain to shareholders the effect of a strong dollar, partly because the chain insists even overseas of maintaining an equity interest in its units.

McDonald's takes about 20% of its revenue and 15% of its profits from its 1,300 foreign restaurants. It has 417 Canadian units, 346 in Japan, 169 in Germany, 137 in Australia and the rest scattered in 26 other foreign countries.

In the fiscal year ended last December, McDonald's said international revenues of $531.8 million would have been $39 million higher if the dollar's value had not changed from 1981. At the same time, operating profits of $130.3 million would have been $11 million higher.

In 1981, the company said, revenues suffered a $46 million write-down to $511.6 million and operating profits were set back $13 million to $125.4 million.

Kentucky Fried Chicken has also noted the fallout. In the fiscal year ended June 1982, KFC noted that per-store average sales in its 39 Mexican outlets increased from 1981 a whopping 24% in local, albeit inflated, currency. But after a devalued peso was translated to dollars, profits plunged.

Exchange rates can work to a company's advantage, however. Believing the dollar will rise, or fall, corporate financial executives can bet on the trend and clean up.

Wahlin recalled a $4 million loan Collins Foods took in Australian dollars when they were trading at $1.14 per United States dollar. Now that the Australian dollar is trading at 88 United States cents, the debt is being repaid with cheaper money.

"We are stepping up expansion in Australia," said Wahlin, whose company operates 45 of its 232 KFC stores there, "and part of the reason is that the dollar is so strong."

But there are a host of considerations in developing foreign markets. "You need a longer perspective," said Denny's Campbell, "20 to 25 years."

The same factors which make it a bargain for a tourist to travel, make it a high risk for a business to build. In the countries where the dollar is strongest, inflation, unemployment and trading deficits are at record levels.

BK BOOSTS CENTER

Burger King Corporation recently awarded a grant of $50,000 to Miami's Liberty City Business Assistance Center, which teaches employment skills and provides direction and advice in addition to seek capital to black entrepreneurs. Burger King executive vice president-director of marketing Kyle Craig (left) presents the check to Newall Daughtrey, Business Assistance Center executive director. In addition to the grant, Burger King is working with the Business Assistance Center in seeking black vendors and job applicants for neighborhood restaurants.

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